

Indoor Skydive Australia Group Limited

ACN 154 103 607

ASX/Media Release

Sydney, Australia – 3 November 2014

ISA GROUP TO RAISE UP TO \$17M TO ACCELERATE PERTH PROJECT AND REFINANCE CONVERTIBLE NOTE

Indoor Skydive Australia Group Limited (ASX:IDZ) (ISA Group) today announced an equity capital raising of up to \$17 million to support the acceleration of the Australian roll out plan through the development of our Perth Facility in parallel with the Gold Coast Facility and to refinance the current convertible note which partially funds the development of the Gold Coast Facility.

Key Points

- ISA Group to raise up to \$17 million in equity capital through an institutional placement (**Institutional Placement**) and rights issue (**Rights Issue**) (together, the **Offer**).
- The Institutional Placement has been successfully completed and raised \$11.1 million through the issue of 22,124,845 fully paid ordinary shares (**Shares**) at \$0.50 per Share pursuant to Listing Rules 7.1 and 7.1A.
- Investor interest in the Institutional Placement was strong and ISA Group welcomes Acorn Capital to our register.
- The Rights Issue is a non-underwritten, non-renounceable 2 for 15 pro rata Rights Issue to raise up to \$5.9 million at \$0.50 per new Share. Shares issued under the Institutional Placement will not be eligible to participate in the Rights Issue.
- The Rights Issue will enable all eligible shareholders at the record date to participate in the Offer.
- Funds raised will be used to support the construction of a new facility in Perth, Western Australia which has been accelerated for development in parallel with the Gold Coast Facility.
- Funds raised will also be used to partially fund the Gold Coast Facility through the refinancing of the current convertible note facility.
- Corporate capabilities have been strengthened to complete the Australian tunnel roll out and support the investigation of opportunities globally with a particular focus on South East Asia.

Institutional Placement

ISA Group has today come out of a voluntary trading halt which allowed Veritas Securities Limited (**Veritas**), the Lead Manager of the Offer, to conduct an Institutional Placement process. The Board is committed to engaging with institutional investors as it views the presence of institutional investors on our register as an important element for the medium term expansion of ISA Group and supporting ISA Group's liquidity.

The Institutional Placement was strongly supported by new and existing ISA Group institutional investors and raised \$11.1 million through the placement of 22,124,845 Shares at an offer price of \$0.50. The offer price under the Institutional Placement of \$0.50 per new Share represents a discount of 16.5% to the 30 day VWAP to 29 October 2014.

Rights Issue

Under the Rights Issue, eligible shareholders at the record date of 10 November 2014 at 7pm (Sydney time) (**Record Date**) are able to subscribe for 2 new Shares for each 15 Shares held at an offer price of \$0.50 (being the same as the offer price for the Institutional Placement). Eligible shareholders can choose to take up their entitlement in full, in part or not at all. They may also apply for additional shares in excess of their entitlement (**Additional Shares**). Additional Shares will only be available where there is a shortfall between applications received from eligible shareholders and the number of new Shares to be issued under the Rights Issue and at the discretion of the ISA Group Board. Additional Shares will be issued at the offer price of \$0.50 per new Share.

Eligible shareholders are those shareholders who, among other things, have a registered address in Australia or New Zealand on the Record Date.

ISA Group continues to value the ongoing support from its shareholder base and considers the Placement and Rights Issue as the most appropriate processes to enable shareholders to participate in the capital raise.

The offer price under the Rights Issue of \$0.50 per new Share represents a discount of 16.5% to the 30 day VWAP to 29 October 2014 and is equal to the offer price under the Institutional Placement.

Shareholder approval is not required in relation to the Offer.

Purpose of the Offer

The funds raised under the Offer will be used to support the acceleration of the development of the Perth Facility and to partially fund the Gold Coast Facility through the refinancing of the current convertible note with Birkdale Holdings (QLD) Pty Ltd (**Birkdale**).

ISA Group continues to focus on its Australian roll out program and is now in a position to accelerate the Perth Facility for development in conjunction with the Gold Coast Facility. An offer to lease has been entered into for the preferred site and design of the facility is underway. It is anticipated that the Perth Facility will comprise a 14ft glass flight chamber catering to the professional market as well as first time flyers. The facility will also provide for associated flyer amenities to complete the flight experience. The facility will be positioned to take advantage of the strong military presence in Perth and the FIFO commuter behaviours.

On 10 December 2012, ISA Group entered into a 2 year convertible note with Birkdale, an entity associated with director, Steve Baxter (**Convertible Note**). The Convertible Note provides funding of up to \$5.9 million of which \$4.1 million is drawn down as at today. The parties' intention at the time of entering into the Convertible Note was to utilise it to provide finance during the initial development of the company and while a trading history was established to facilitate the implementation of appropriate bank debt. In May 2014, the conversion date and the term of the Convertible Note was each extended by 6 months such that Birkdale's right to exercise the option to convert any outstanding amounts under the facility begins on or after 10 December 2014.

The ISA Group Board has considered various financing options and chosen to refinance the Convertible Note with equity raised under the Offer. The timetable proposed for the Offer will enable the Convertible Note to be fully repaid before the right of conversion becomes available.

ISA Group is now positioned to deliver on the Australian tunnel roll out and to pursue global opportunities. We have strengthened our corporate capabilities through the appointment of Stephen Burns as Chief Financial Officer and implemented an internal Project Management Office to enable the development of multiple facilities and stages of development in parallel. Our strengthened capabilities also support the investigation of opportunities globally with a particular focus on South East Asia.

Rights Issue Timetable

Record Date	7pm Monday 10 November 2014
Rights Issue offer period opens	Wednesday 12 November 2014
Rights Issue offer period closes (5pm)	Friday 21 November 2014
New share commence trading on ASX	Friday 28 November 2014

**All times refer to Sydney time and may be subject to change.*

Further Information on the Rights Issue

Further details of the Rights Issue, including details of the use of proceeds, the timetable and the key risks associated with the Rights Issue and ISA Group, are included in the investor presentation and offer booklet released to ASX and available on ISA Group's website. The offer booklet, which includes the investor presentation, is expected to be dispatched to eligible shareholders by Wednesday 12 November 2014.

ASX Listing Rule 3.10.5A Information

In accordance with the requirements of ASX Listing Rule 3.10.5A, the following information is provided:

- (a) A total of 22,124,845 Shares were issued under the Institutional Placement. A total of 8,849,938 shares were issued pursuant to ASX Listing Rule 7.1A (representing 8% of the post- Institutional Placement capital) and 13,274,907 shares were issued pursuant to Listing Rule 7.1 (representing 12% of the post- Institutional Placement capital).

The dilutive effect of the Institutional Placement on existing shareholders of ISA Group is as follows:

	Shares	Dilution %
Shares on issue pre Placement	88,499,378	
Shares issued under LR 7.1	13,274,907	15%
Shares issued under LR 7.1A	8,849,938	10%
Total Shares on issue post Placement	110,624,223	
Total dilution effect		25%

The percentage of post- Institutional Placement capital held (in aggregate) is as follows

	% of issued capital
Pre- Institutional Placement shareholders who did not participate in the Institutional Placement	79.9%
Pre- Institutional Placement shareholders who did participate in the Institutional Placement	20.1%
Participants in the Institutional Placement who were not previously shareholders	70.5%

- (b) The Institutional Placement has been undertaken in addition to the Rights Issue. ISA Group considered the Institutional Placement as an efficient mechanism for raising funds and introducing institutional investors onto the register which ISA Group views as an important element for the medium term expansion of the Company and supporting ISA Group's liquidity.

- (c) There were no underwriting arrangements in connection with the Institutional Placement.
- (d) Veritas has been appointed as lead manager in connection with the Offer. Under that appointment Veritas will be paid a capital raising fee equal to 4% of the capital raised under the Institutional Placement and from any shortfall to the Rights Issue that is placed by Veritas and a management fee which is equal to 1% of the capital raised under the Institutional Placement excluding the placement of any shortfall.

Further information on ISA Group is available at www.indoorskydiveaustralia.com.au.

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Forward-looking statements, opinions and estimates provided in this announcement are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Forward-looking statements including forecasts, projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance.

This announcement does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or to, or for the account or benefit of, any "U.S. person" (as defined in Regulation S under the U.S. Securities Act of 1933, as amended (the **Securities Act**)) (**U.S. Person**). This announcement may not be distributed to, or relied upon by, persons in the United States or who are, or are acting for the account or benefit of, U.S. Persons. Neither the rights nor New Shares offered in the Rights Issue have been, or will be, registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States. The rights may not be taken up by persons in the United States or by persons who are, or are acting for the account or benefit of a U.S. Person. The New Shares may not be offered, or sold, or resold, in the United States or to, or for the account or benefit of, a U.S. Person except in a transaction exempt from, or not subject to, the registration requirements of the Securities Act and any applicable securities laws of any state or other jurisdiction of the United States.

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About Indoor Skydive Australia Group Limited (ACN: 154 103 607)

Indoor Skydive Australia Group Limited was established in 2011 to build and operate a number of indoor skydiving facilities across the Australian region. These facilities, allowing human flight within a safe environment, are currently used by tourists, skydiving enthusiasts and military throughout the world. Flexible operating hours, low overheads and proven technology are just a few of the highlights that support the company's business model. The Company listed on ASX on 18 January 2013 under the code IDZ.

For further information visit: www.indoorskydiveaustralia.com.au

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